

Northern and Central Gas Corporation Limited

Annual Report

1985



Business of the Company

Northern and Central Gas Corporation Limited owns and operates, either directly or through subsidiaries, natural gas distribution facilities in the provinces of Ontario and Manitoba. The Ontario operation serves approximately 80 communities in northwestern, northern and eastern Ontario. In Manitoba, Greater Winnipeg Gas Company operates gas distribution facilities in the greater Winnipeg area and adjacent communities.

Northern and Central Gas Corporation Limited is a wholly owned subsidiary of Inter-City Gas Corporation.

Highlights

Financial (\$000's)

	1985	1984
Sales and other revenues Northern and Central Gas.	\$554,732	\$527,538
Greater Winnipeg Gas.	231,771	221,054
	<u>\$786,503</u>	<u>\$748,592</u>
Income from continuing operations Northern and Central Gas.	\$ 13,725	\$ 10,472
Greater Winnipeg Gas.	9,304	6,976
	<u>23,029</u>	<u>17,448</u>
Dividends from Gaz Métropolitain, inc.	7,397	7,753
	<u>\$ 30,426</u>	<u>\$ 25,201</u>

Operating

Customers at year-end.	320,422	311,008
Expenditures on properties, plant and equipment, net (\$000's).	\$ 61,391	\$ 54,639
Properties, plant and equipment (\$000's)	\$416,656	\$379,045



Report to Shareholders

Revenues and Earnings

Income from continuing operations increased to \$30.4 million from \$25.2 million in 1984 due to higher contributions from both the Ontario and Manitoba operations. An extraordinary loss on the exchange of Gaz Métropolitain, inc. common shares, net of income tax, of \$2.2 million and a gain on the sale of subsidiaries, net of income tax, of \$0.1 million, reduced net income to \$28.3 million. In 1984, the earnings of an oil and gas subsidiary of \$2.0 million and the loss on sale of the oil and gas subsidiary of \$9.4 million reduced net income to \$17.8 million.

Dividend income from Gaz Métropolitain, inc. declined to \$7.4 million from \$7.8 million reflecting the exchange during the year of \$26 million exchangeable subordinated debentures for 3.25 million Gaz Métropolitain, inc. common shares.

Gas sales and other revenues increased to \$786.5 million from \$748.6 million last year due to higher gas sales volumes and rate increases to recover higher operating and financial expenses. Volumes of gas sold increased to 4,542 10^6m^3 from 4,359 10^6m^3 in 1984. The number of customers increased during the year by approximately 9,400 to 320,400.

Ontario Operations

Income from continuing operations increased by \$3.2 million to \$13.7 million as a result of higher volumes of gas sold and more customers. Residential and commercial sales volumes increased by 60 10^6m^3 to 1,002 10^6m^3 because of 5% colder weather than last year and more customers. Industrial and other sales increased by 59 10^6m^3 due to higher customer production levels and the addition of the uranium mines at Elliot Lake. At year end, the number of customers increased to 151,578 from 145,848 a year earlier.

The North Shore Pipeline from Sault Ste. Marie to Blind River and Elliot Lake, the largest construction project undertaken by the Company in many years, was completed in the fall of 1985. The project cost \$47.3 million of which \$29.4 million was funded by federal Distribution System Expansion Program grants.

Total capital expenditures, after deducting grants and other contributions, increased to \$50.7 million from \$46.2 million in 1984.

Manitoba Operations

Income from continuing operations improved by \$2.3 million to \$9.3 million due to higher gas sales volumes and more customers. Residential and commercial sales volumes increased by 70 10^6m^3 to 1,081 10^6m^3 as a result of 8% colder weather than last year and an increase in the number of customers. Industrial gas sales volumes declined to 295 10^6m^3 from 301 10^6m^3 last year. The number of customers at December 31, 1985 was 168,844 compared with 165,160 at the end of 1984.

During 1985, the Manitoba operations continued to grow. More than 3,600 customers were added in 1985 compared with 3,900 customer additions in 1984.

Capital expenditures were \$10.7 million in 1985 compared with \$8.4 million in 1984.

Regulation

The Company applied for a rate increase for the 1986 test year to recover increased operating and financial expenses. The Ontario Energy Board granted an interim increase in rates effective January 1, 1986 to recover an additional \$6.5 million in revenues. The final decision is expected shortly.

Greater Winnipeg Gas did not appear before the Public Utilities Board of Manitoba during 1985.

Market Responsive Pricing

In October 1985, the federal government reached an agreement with the western producing provinces on natural gas markets and prices. The intent of the agreement was to provide for a more flexible and market-oriented pricing regime. The agreement states as one of its principles that effective November 1, 1986, the prices of all natural gas in interprovincial trade will be determined by negotiation between buyers and sellers.

The Company is negotiating with its supplier and is taking the necessary steps to ensure that our gas sales prices are competitive with alternate fuels, particularly in the industrial market. It is the Company's objective to provide our customers with a secure gas supply at the lowest possible cost.



Outlook

With the introduction of market responsive pricing, we welcome the opportunity to provide more competitively priced natural gas to our customers. However, at the same time, we recognize the importance of containing cost increases, which are within our control, to contribute further to the market competitiveness of natural gas.

In recognition of the Company's important role in representing the Inter-City Gas family of companies in Ontario, the Company's name will be changed shortly to ICG Utilities (Ontario) Ltd.

We would like to express our appreciation to the employees of the Company for their efforts and dedication during 1985. We have confidence that future challenges will be met with the same kind of enthusiasm and success as in 1985.

On behalf of the Board of Directors,

R. G. Graham,

Chairman of the Board

April 11, 1986.

N. J. Didur,

President

Summary of Accounting Policies

Year ended December 31, 1985

The Company and its subsidiary are engaged primarily in regulated gas distribution operations in Manitoba through Greater Winnipeg Gas Company and in Ontario through Northern and Central Gas Corporation Limited which are classified as one business segment for financial reporting purposes.

On January 25, 1985, effective from September 30, 1984, the common shares of the Company were sold by Norcen Energy Resources Limited ("Norcen") to Inter-City Gas Corporation ("ICG").

The principal accounting policies followed by the Company and its subsidiaries are summarized here to facilitate a review of the consolidated financial statements.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

The excess of acquisition costs over underlying value of net assets at date of purchase in respect of companies amalgamated on January 1, 1968 are included in "Other Assets" and are not being amortized.

Foreign currency translation

Long-term debt and investments denominated in U.S. dollars are translated at the rates of exchange prevailing at the balance sheet date. Any exchange gains or losses arising on translation of these amounts are deferred and amortized over the remaining term to maturity.

Inventories

Gas in storage is carried at cost which includes transportation and storage. Supplies are carried at the lowest of historic cost, replacement cost and net realizable value.

Properties, plant and equipment

Properties, plant and equipment are carried at cost which includes direct costs, overhead attributable to construction and interest on funds used during construction, less contributions in aid of construction.

Depreciation is provided on the straight-line method at rates approved by regulatory authorities. The application of such rates is equivalent to a composite rate of approximately 3.24% (3.15% in 1984).

The original cost of property retired is removed from plant accounts and charged to accumulated depreciation, which is credited with the salvage proceeds less removal costs. Under this method, no profit or loss is recognized on ordinary retirements of depreciable property.

Maintenance, repairs and minor renewals are charged to maintenance expense accounts. Renewals and betterments of property are capitalized.

Deferred charges

Costs of issuing long-term debt are deferred in the year incurred and amortized against income over the term of the applicable issue.

The Companies defer, in the year incurred, certain expenses which the regulatory authorities require or permit to be recovered from future revenues; such charges are being amortized over various time periods.

Income taxes

The Companies' rates and revenues, established for regulatory purposes, include recovery of only such income taxes as are currently payable. Accordingly, the Companies provide for income taxes on this basis and do not provide for income taxes which may be payable in future years as a result of current differences in timing of deductions, principally in respect of depreciation and amortization, for financial reporting and income tax purposes. Such income taxes not provided and not recovered in revenues amounted to \$4,500,000 in 1985, (\$6,200,000 in 1984), and \$75,600,000 in total to December 31, 1985.

Consolidated Statement of Income

Year ended December 31, 1985

(thousands of dollars)

	<u>1985</u>	<u>1984</u>
Sales and other revenues		
Gas sales	\$762,290	\$727,825
Interest income		
Gaz Métropolitain, inc.	7,127	7,474
Demand note from ICG (Norcen in 1984) (note 2)	3,595	3,595
Other revenues	13,491	9,698
	<u>786,503</u>	<u>748,592</u>
Costs and expenses		
Gas purchases	624,444	610,804
Operations and maintenance	69,365	63,687
Depreciation	14,050	12,254
Interest on long-term debt	42,029	38,954
Income taxes (note 8)	13,586	5,445
	<u>763,474</u>	<u>731,144</u>
Income from operations	23,029	17,448
Dividend income from Gaz Métropolitain, inc.	7,397	7,753
Income from continuing operations	30,426	25,201
Equity in income of oil and gas subsidiary		1,978
Income before extraordinary items	30,426	27,179
Extraordinary items (note 9)	(2,080)	(9,400)
Net income	<u>\$ 28,346</u>	<u>\$ 17,779</u>
Dividends on preference shares	<u>\$ 3,037</u>	<u>\$ 3,220</u>
Income applicable to common shares:		
From continuing operations	<u>\$ 27,389</u>	<u>\$ 21,981</u>
Before extraordinary items	<u>\$ 27,389</u>	<u>\$ 23,959</u>
Net income	<u>\$ 25,309</u>	<u>\$ 14,559</u>
Earnings per common share:		
From continuing operations	\$1.53	\$1.23
Before extraordinary items	\$1.53	\$1.34
Net income	\$1.42	\$0.82



Consolidated Balance Sheet

as at December 31, 1985

(thousands of dollars)

Assets

	1985	1984
Current assets		
Cash and deposits		\$ 67
Accounts receivable and unbilled gas	\$121,949	117,136
Inventory of gas in storage and supplies	22,280	24,843
Total current assets	144,229	142,046
Investments (note 2)	207,098	216,378
Properties, plant and equipment (note 3)	416,656	379,045
Other assets (note 4)	19,103	19,191
	<u>\$787,086</u>	<u>\$756,660</u>

Liabilities

Current liabilities		
Bank indebtedness	\$ 2,636	\$ 5,903
Accounts payable and accrued charges	108,110	100,173
Income and other taxes	8,988	381
Current maturities on long-term debt	14,129	10,066
Advances from Norcen		2,000
Total current liabilities	133,863	118,523
Long-term debt (note 5)	391,650	379,339
Total liabilities	<u>525,513</u>	<u>497,862</u>

Shareholders' Equity

Capital stock (note 6)		
Issued		
First preference shares		
89,186 \$2.60 cumulative, first series (91,805 in 1984)	4,459	4,590
24,993 \$2.70 cumulative, second series (25,893 in 1984)	1,250	1,295
Second preference shares		
1,054,075 7.85% cumulative, series A, issue price \$25 (1,083,900 in 1984)	26,352	27,098
Third preference shares		
455 \$1.06 cumulative, series A (910 in 1984)	11	23
32,145 \$1.50 cumulative, series B (64,291 in 1984)	804	1,607
230,000 \$1.94 cumulative, series C (276,000 in 1984)	5,750	6,900
17,860,630 Common shares	140,838	140,838
Retained earnings (note 7)	82,109	76,447
Total shareholders' equity	<u>261,573</u>	<u>258,798</u>
	<u>\$787,086</u>	<u>\$756,660</u>

Approved by the Board

Director

Director

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1985

(thousands of dollars)

	1985	1984
Cash provided from operations	\$ 45,989	\$ 38,754
Cash utilized for dividends	(22,684)	(21,081)
Cash remaining for investment	<u>23,305</u>	<u>17,673</u>
Investment		
Expenditures on property, plant and equipment	93,823	73,126
Disposal of fixed assets	(6,286)	(5,174)
Contributions in aid of construction	(34,924)	(12,293)
Sale of subsidiaries (note 9)	(8,976)	(1,737)
Reduction of investments	(26,392)	
Other		1,147
Cash utilized by investment activities	<u>17,245</u>	<u>55,069</u>
Cash (deficiency) before financing	<u>6,060</u>	<u>(37,396)</u>
Financing		
Bank loans	53,468	61,710
Repayment of long-term debt	(40,804)	(18,221)
Notes and mortgages	2,813	4,187
Notes receivable under financing contracts	(13,581)	(6,087)
Redemption of preference shares	(2,756)	(2,576)
Reduction of common share capital		(1,745)
Cash provided (utilized) by financing activities	<u>(860)</u>	<u>37,268</u>
Increase (decrease) in cash position	5,200	(128)
Cash position at beginning of year	<u>(7,836)</u>	<u>(7,708)</u>
Cash position at end of year	<u>\$ (2,636)</u>	<u>\$ (7,836)</u>
Summary of cash position		
Cash and deposits		\$ 67
Bank indebtedness	\$ (2,636)	(5,903)
Advances from Norcen		(2,000)
	<u>\$ (2,636)</u>	<u>\$ (7,836)</u>

Consolidated Statement of Retained Earnings

Year ended December 31, 1985

(thousands of dollars)

	1985	1984
Balance at beginning of year	\$76,447	\$79,749
Net income	28,346	17,779
	<u>104,793</u>	<u>97,528</u>
Dividends		
First preference shares		
-first series	235	241
-second series	69	70
Second preference shares		
-series A	2,101	2,184
Third preference shares		
-series A	1	1
-series B	96	99
-series C	535	625
Common shares	19,647	17,861
	<u>22,684</u>	<u>21,081</u>
Balance at end of year	<u>\$82,109</u>	<u>\$76,447</u>

Auditors' Report

To the Shareholders of
Northern and Central Gas Corporation Limited

We have examined the consolidated balance sheet of Northern and Central Gas Corporation Limited as at December 31, 1985 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The comparative figures for 1984 were reported on by the previous auditors.

Toronto, Canada
February 17, 1986

Coopers & Lybrand
Chartered Accountants

Notes to Consolidated Financial Statements

Year ended December 31, 1985

(Tabular amounts are in thousands of dollars)

1. Accounting policies

The summary of the principal accounting policies presented elsewhere is an integral part of these consolidated financial statements.

2. Investments

	1985	1984
Investment in Gaz Métropolitain, inc. (GMI)		
Common shares (i)	\$ 55,016	\$ 78,874
Preference shares		
5.4% 1965 series, issue price \$100	1,389	1,389
5.5% 1966 series, issue price \$100	1,459	1,459
7.85% 1978 series, issue price \$ 25	15,058	15,483
Debt (ii)	64,105	68,309
	137,027	165,514
Demand note from ICG (Norcen in 1984) (iii)	47,300	47,300
Mortgages receivable	6,654	3,564
Finance contracts	16,080	
Other	37	
	<u>\$207,098</u>	<u>\$216,378</u>

- (i) In 1980 and 1981, the Company issued two series of exchangeable subordinated debentures. The issues conferred upon the holders the right to vote the shares subject to exchange during the terms of the issues and prior to exercising the exchange right. As a result, the Company no longer has a voting interest in GMI. Accordingly, the Company accounts for its investment in GMI by the cost method.

During the year, the first issue of \$26,000,000 principal amount of 12% exchangeable subordinated debentures due in 2000 was exchanged into 3,250,000 common shares of GMI, resulting in a loss on the exchange of shares of \$603,000.

The second issue of \$55,016,000 of 13% exchangeable subordinated debentures redeemable in 1988 are exchangeable at any time into 6,877,049 common shares of GMI (17.39% interest at December 31, 1985). The Company has the option to pay the redemption in cash or by tendering the common shares of GMI subject to the exchange right. In 1988, the Company intends to tender the common shares of GMI. As a result, the Company will incur a loss on the exchange of the shares of \$1,604,000, which has been recorded in 1985.

- (ii) Excludes current maturities of \$6,336,000 in 1985 (\$6,097,000 in 1984) and interest receivable of \$1,435,000 in 1985 (\$1,519,000 in 1984) which are included in accounts receivable.
- (iii) The subordinated demand note originally from Norcen was assumed by ICG subsequent to December 31, 1984. The note bears interest at 7.6% per annum and is subject to minimum annual repayments of \$1,672,000 in 1988 and \$4,148,000 from 1989 to 1999. Interest receivable of \$1,049,000 is included in accounts receivable at December 31, 1985 and 1984.

3. Properties, plant and equipment

	1985			1984
	Cost	Accumulated depreciation	Net	Net
Gas storage	\$ 20,341	\$ (6,592)	\$ 13,749	\$ 14,235
Gas distribution	439,151	(81,814)	357,337	318,884
Rental equipment	50,271	(25,294)	24,977	29,090
General and other plant	31,981	(11,388)	20,593	16,836
	<u>\$541,744</u>	<u>\$(125,088)</u>	<u>\$416,656</u>	<u>\$379,045</u>

4. Other assets

	Basis of Period of Amortization	1985	1984
Intangible assets arising from acquisitions		\$ 8,833	\$ 8,909
Unrealized foreign currency translation losses (i)	*	5,554	5,589
Long-term debt issue expense	*	1,820	2,429
Sales promotion expense	5 years	1,489	
Gas storage exploration costs		1,051	1,163
Other		356	1,101
		<u>\$19,103</u>	<u>\$19,191</u>

* Amortized over term of applicable issue.

(i) Represents the unrealized foreign currency loss on translation of long-term debt denominated in U.S. dollars \$48,251,000 U.S. (\$53,441,000 U.S. in 1984) net of the unrealized gain on translation of investments in GMi debt denominated in U.S. dollars \$26,658,000 U.S. (\$29,648,000 U.S. in 1984) and amortization. The exchange rate as at December 31, 1985 was \$1.40 (\$1.32 in 1984)

5. Long-term debt

	Due within one year	1985	1984
Bank loans, unsecured, bearing interest at the prime bank rate. .		\$116,953	\$ 63,485
6½%–11⅞% first mortgage bonds, 1986–1998	\$10,735	110,188	116,358
9⅞%–14% senior debentures, 1991–2008	2,625	108,654	111,970
6% subordinated notes, 1987	546	967	1,427
6½%–11¼% debentures, 1988–1991	223	14,001	15,149
12%–13% exchangeable subordinated debentures, 1988–2000 (note 2(i))		55,016	81,016
	<u>\$14,129</u>	<u>405,779</u>	<u>389,405</u>
Deduct			
Current maturities on long-term debt		14,129	10,066
		<u>\$391,650</u>	<u>\$379,339</u>

The bank loans have no fixed terms of repayment, however the bank does not intend to call the loans in 1986. The Company has in the past retired and anticipates in the future retiring such obligations through the issue of long-term capital.

The first mortgage bonds are secured by specific mortgage on real and immovable property, franchises, gas purchases and sales contracts, monies deposited under Trust Deed, securities, appliances and equipment and additional property pledged with Trustee and a floating charge on all other assets.

Long-term debt maturities and sinking fund requirements for each of the four years subsequent to 1986 are as follows:

1987	\$17,511	1989	\$28,429
1988	\$82,123 (note 2(i))	1990	\$12,265

Of the long-term debt \$70,441,000 represents amounts owing to the Company by GMi as a result of financings arranged in prior years by the Company for GMi (note 2).

6. Capital stock

Authorized	
514,387	First preference shares issuable in series
3,654,075	Second preference shares issuable in series
262,600	Third preference shares issuable in series
2,500,000	Junior preference shares issuable in series
34,622,139	Common shares

First preference shares, first and second series, (currently redeemable at the Company's option at \$50.50 per share) do not presently have voting rights.

Second preference shares, series A, (redeemable at the Company's option after December 15, 1985 at a price of \$25.40 per share, declining annually to \$25.00 per share after December 15, 1987) do not presently have voting rights.

Third preference shares, series A, series B and series C (redeemable at the Company's option at \$27.50 per share, \$26.50 per share and \$25.00 per share respectively) have voting rights. Pursuant to ICG acquiring the common shares of the Company from Norcen, ICG has committed the Company to redeem, at \$25.00 per share, one-half of the outstanding Series A and Series B preference shares on or before December 31, 1985 and the balance on or before December 31, 1986.

The following shares were redeemed for cash during the year:

2,619	First preference shares, first series
900	First preference shares, second series
29,825	Second preference shares
455	Third preference shares, series A
32,146	Third preference shares, series B
46,000	Third preference shares, series C

During 1984, common share capital was reduced by \$1,745,000 which amount was paid to Norcen.

7. Dividend restrictions

The indentures and agreements relating to the Company's long-term debt obligations contain covenants limiting the payment of dividends.

8. Income taxes

A reconciliation between the statutory and the effective rate of income taxes is provided as follows:

	1985	1984
Income from continuing operations before income taxes	\$44,012	\$30,646
Federal statutory tax rate	46.0%	46.0%
Computed income taxes	\$20,246	\$14,097
Increases (decreases) in income taxes resulting from:		
Capital cost allowance deducted for income tax purposes		
in excess of depreciation	(2,486)	(1,772)
Corporate surtax	216	
Provincial income taxes in excess of federal abatement	1,335	649
Non-taxable dividend income	(3,403)	(3,567)
Deferred charges and other items claimed for tax purposes		
in the year incurred	(2,907)	(3,911)
Other, net	585	(51)
Actual income tax expense	\$13,586	\$ 5,445
Effective tax rate	30.9%	

9. Extraordinary items

Effective April 30, 1985, the Company sold its 100% interest in Le Gaz Provincial du Nord de Québec Ltée. and Champion Pipe Line Corporation Limited to GMi for \$8,976,000 resulting in a gain of \$127,000. The results of operations of the two subsidiaries for the four months ended April 30, 1985 of \$689,000 has been included in the consolidated statement of income.

Effective September 30, 1984, the Company sold its 99.8% interest in its oil and gas subsidiary to Norcen for \$1,745,000 resulting in a loss of \$9,400,000. The results of operations of the oil and gas subsidiary for the nine months ended September 30, 1984 have been shown separately in the consolidated statement of income.

	1985	1984
Gain on sale of subsidiaries net of income tax recovery of \$264,000	\$ 127	
Loss on exchange of GMi common shares (note 2(i)), net of income tax payable of \$4,350,000.	(2,207)	
Loss on sale of oil and gas subsidiary		\$(9,400)
	\$(2,080)	\$(9,400)

10. Pension Plan

As at December 31, 1985, the Company has an unfunded pension liability of \$1,824,000 which will be funded by annual payments of \$324,000 over the next 5 years and \$147,000 for the subsequent 10 years.

Financial and Operating Summary - 1981-1985

Consolidated Results

Financial Statistics (\$000's)	1985	1984	1983	1982	1981
Sales and other revenues					
Gas sales	\$762,290	\$727,825	\$698,154	\$645,983	\$562,893
Other revenues	24,213	20,767	21,910	24,304 ⁽¹⁾	25,727
	<u>786,503</u>	<u>748,592</u>	<u>720,064</u>	<u>670,287</u>	<u>588,620</u>
Costs and expenses					
Gas purchases.	624,444	610,804	595,923	554,747	483,904
Operations and maintenance	69,365	63,687	56,829	52,303	44,924
Depreciation	14,050	12,254	11,435	10,639	9,183
Interest	42,029	38,954	34,013	31,350	31,156
Income taxes.	13,586	5,445	5,178	4,598	5,653
	<u>763,474</u>	<u>731,144</u>	<u>703,378</u>	<u>653,637</u>	<u>574,820</u>
Income from continuing operations	<u>\$ 23,029</u>	<u>\$ 17,448</u>	<u>\$ 16,686</u>	<u>\$ 16,650</u>	<u>\$ 13,800</u>
Operating Statistics					
Gas sales (\$000's)					
Residential.	\$218,430	\$196,102	\$183,942	\$167,264	\$123,440
Commercial	187,567	178,181	164,717	153,693	116,421
Industrial-firm	198,869	197,564	201,882	197,444	192,464
-interruptible	147,513	155,978	147,613	127,582	130,568
GMi	9,911 ⁽²⁾				
	<u>\$762,290</u>	<u>\$727,825</u>	<u>\$698,154</u>	<u>\$645,983</u>	<u>\$562,893</u>
Volumes (10 ⁶ m ³)					
Residential.	1,059	976	951	994	885
Commercial	1,024	977	930	985	913
Industrial-firm	1,306	1,280	1,313	1,423	1,722
-interruptible	1,084	1,126	1,066	997	1,273
GMi	69 ⁽²⁾				
	<u>4,542</u>	<u>4,359</u>	<u>4,260</u>	<u>4,399</u>	<u>4,793</u>
Customers at year-end					
Residential.	289,333	280,894	268,389	259,202	252,192
Commercial	30,529	29,572	28,479	27,686	26,746
Industrial	560	542	544	548	567
	<u>320,422</u>	<u>311,008</u>	<u>297,412</u>	<u>287,436</u>	<u>279,505</u>
Capital expenditures (\$000's)	\$ 61,391	\$ 54,639	\$ 45,095	\$ 30,681	\$ 39,163
Kilometres of pipe at end of period.	8,476	8,176	7,612	7,039	6,859

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

⁽²⁾ Subsequent to sale of Le Gaz Provincial du Nord de Québec Ltée on April 30, 1985.

Financial and Operating Summary – 1981-1985

Northern and Central Gas

Financial Statistics (\$000's)	1985	1984	1983	1982	1981
Sales and other revenues					
Gas sales	\$532,030	\$508,697	\$491,659	\$441,533	\$402,384
Other revenues	22,702	18,841	19,134	21,696 ⁽¹⁾	23,594
	<u>554,732</u>	<u>527,538</u>	<u>510,793</u>	<u>463,229</u>	<u>425,978</u>
Costs and expenses					
Gas purchases	448,980	439,468	429,117	393,339	357,011
Operations and maintenance	39,206	36,207	30,811	28,849	24,039
Depreciation	10,600	9,231	8,008	7,360	5,990
Interest	35,685	32,687	28,529	26,029	25,492
Income taxes	6,536	(527)	1,590	(1,989)	3,116
	<u>541,007</u>	<u>517,066</u>	<u>498,055</u>	<u>453,588</u>	<u>415,648</u>
Income from continuing operations	<u>\$ 13,725</u>	<u>\$ 10,472</u>	<u>\$ 12,738</u>	<u>\$ 9,641</u>	<u>\$ 10,330</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$110,006	\$ 95,664	\$ 89,695	\$ 75,270	\$ 58,211
Commercial	105,466	100,691	91,430	80,497	63,907
Industrial – firm	194,447	193,201	197,844	192,968	189,015
– interruptible	112,200	119,141	112,690	92,798	91,251
GMI	9,911 ⁽²⁾				
	<u>\$532,030</u>	<u>\$508,697</u>	<u>\$491,659</u>	<u>\$441,533</u>	<u>\$402,384</u>
Volumes (10 ⁶ m ³)					
Residential	471	427	421	410	386
Commercial	531	515	486	495	488
Industrial – firm	1,279	1,253	1,288	1,393	1,694
– interruptible	816	852	807	729	895
GMI	69 ⁽²⁾				
	<u>3,166</u>	<u>3,047</u>	<u>3,002</u>	<u>3,027</u>	<u>3,463</u>
Customers at year-end					
Residential	134,369	129,277	120,154	114,185	109,391
Commercial	16,838	16,235	15,310	14,685	13,929
Industrial	371	336	335	325	338
	<u>151,578</u>	<u>145,848</u>	<u>135,799</u>	<u>129,195</u>	<u>123,658</u>
Capital expenditures (\$000's)	\$ 50,666	\$ 46,202	\$ 37,004	\$ 24,796	\$ 31,948
Kilometres of pipe at end of period	5,644	5,386	4,884	4,379	4,220

⁽¹⁾ Includes settlement on contract termination of \$1,450,000.

⁽²⁾ Subsequent to sale of Le Gaz Provincial du Nord de Québec Ltée on April 30, 1985.

Financial and Operating Summary – 1981-1985

Greater Winnipeg Gas

Financial Statistics (\$000's)	<u>1985</u>	<u>1984</u>	<u>1983</u>	<u>1982</u>	<u>1981</u>
Sales and other revenues					
Gas sales	\$230,260	\$219,128	\$206,495	\$204,450	\$160,509
Other revenues	<u>1,511</u>	<u>1,926</u>	<u>2,776</u>	<u>2,608</u>	<u>2,133</u>
	<u>231,771</u>	<u>221,054</u>	<u>209,271</u>	<u>207,058</u>	<u>162,642</u>
Costs and expenses					
Gas purchases	175,464	171,336	166,806	161,408	126,893
Operations and maintenance	30,159	27,480	26,018	23,454	20,885
Depreciation	3,450	3,023	3,427	3,279	3,193
Interest	6,344	6,267	5,484	5,321	5,664
Income taxes	<u>7,050</u>	<u>5,972</u>	<u>3,588</u>	<u>6,587</u>	<u>2,307</u>
	<u>222,467</u>	<u>214,078</u>	<u>205,323</u>	<u>200,049</u>	<u>159,172</u>
Income from continuing operations	<u>\$ 9,304</u>	<u>\$ 6,976</u>	<u>\$ 3,948</u>	<u>\$ 7,009</u>	<u>\$ 1,470</u>
Operating Statistics					
Gas sales (\$000's)					
Residential	\$108,424	\$100,438	\$ 94,247	\$ 91,994	\$ 65,229
Commercial	82,101	77,490	73,287	73,196	52,514
Industrial – firm	4,422	4,363	4,038	4,476	3,449
– interruptible	<u>35,313</u>	<u>36,837</u>	<u>34,923</u>	<u>34,784</u>	<u>39,317</u>
	<u>\$230,260</u>	<u>\$219,128</u>	<u>\$206,495</u>	<u>\$204,450</u>	<u>\$160,509</u>
Volumes (10 ⁶ m ³)					
Residential	588	549	530	584	499
Commercial	493	462	444	490	425
Industrial – firm	27	27	25	30	28
– interruptible	<u>268</u>	<u>274</u>	<u>259</u>	<u>268</u>	<u>378</u>
	<u>1,376</u>	<u>1,312</u>	<u>1,258</u>	<u>1,372</u>	<u>1,330</u>
Customers at year-end					
Residential	154,964	151,617	148,235	145,017	142,801
Commercial	13,691	13,337	13,169	13,001	12,801
Industrial	<u>189</u>	<u>206</u>	<u>209</u>	<u>223</u>	<u>229</u>
	<u>168,844</u>	<u>165,160</u>	<u>161,613</u>	<u>158,241</u>	<u>155,847</u>
Capital expenditures (\$000's)	\$ 10,725	\$ 8,437	\$ 8,881	\$ 5,885	\$ 7,215
Kilometres of pipe at end of period	2,832	2,790	2,728	2,660	2,639

Directors and Officers

Officers

Robert G. Graham	<i>Chairman of the Board</i>
Norman J. Didur	<i>President</i>
Robert B. Callow	<i>Vice-President and General Manager</i>
Michael F. Burton	<i>Vice-President, Marketing and Sales</i>
Michael G. Meacher	<i>Vice-President, Special Projects</i>
Robert T. Rhodes	<i>Vice-President, Gas Supply and Planning</i>
Mark A. Wolnik	<i>Vice-President, Operations</i>
Jeffrey Hunter	<i>Director, Controller</i>
Peter F. Scully	<i>Secretary</i>
Ronald W. Wasenda	<i>Treasurer</i>

Board of Directors

*Preston R. Cook	<i>Thunder Bay</i>
Norman J. Didur	<i>Toronto</i>
Robert G. Graham	<i>Toronto</i>
*Wayne R. Harding	<i>Treasure Island, Florida</i>
*J. Conrad Lavigne, C.M.	<i>Timmins</i>
Donald S. Rogers	<i>Winnipeg</i>
*Audit Committee	

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PRINCIPAL SUBSIDIARY

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